



Public Schools of North Carolina
State Board of Education
Department of Public Instruction

Final Report to the North Carolina General Assembly

No Cap on the Number of Charter Schools
SL 2011-164 (SB 8), sec. 6

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DPI Chronological Schedule, 2011-2012

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Introduction

Senate Bill 8, Session Law 2011-164, made several changes to existing charter school laws. It removed the cap of 100 charter schools that has existed since the first charter school law was enacted. With the removal of the cap, the State Board of Education may grant charters to applicants that meet requirements set by the General Assembly and the State Board of Education. It further changed the amount a charter school can grow in student population without obtaining State Board of Education approval from ten to twenty percent of previous enrollment. It also added a more specific student performance standard and a process if a charter school does not meet the standard. Finally, it aligned charter schools with other public schools by allowing the charter school to charge any fees that are charged by the local school administrative unit in which the charter school is located.

Senate Bill 8 further requires the State Board of Education to submit to the General Assembly a preliminary report by May 10, 2012, and a final report by June 11, 2012, on the implementation of this legislation, including the following:

- (1) the creation, composition, and function of an advisory committee;
- (2) the charter school application process;
- (3) a profile of applicants and the basis for acceptance or rejection; and
- (4) resources required at the State level for implementation of the Charter school laws in North Carolina General Statutes, Chapter 115C, Article 16, Part 6A.

This preliminary report provides the required information that is currently available. The final report will provide updated information, including the status of applications.

I. Creation, Composition, and Function of the Charter School Advisory Council

Senate Bill 8 does not set any parameters for an advisory council. The State Board of Education created the new North Carolina Public Charter School Advisory Council ("Council") and passed policy TCS-B-006 in August, 2011, that describes the Council, its membership, and responsibilities. A copy of this State Board of Education policy is provided in Appendix 1.

The fifteen-member Council is comprised of recommended appointees with eight from the Governor, three from the Speaker of the House, three from the Senate Pro Tempore, and one from the State Superintendent. The State Board of Education policy identifies that it seeks recommendations that will provide a balanced membership, both geographically and in regard to educational experience in the charter school and traditional public school communities. Council members serve for four years, except the initial appointments have varying terms in order to provide for a staggered appointment in the future. A list of the current members and their backgrounds is provided in Appendix 2.

The State Board of Education has charged this Council with responsibilities in offering policy recommendations related to all aspects of charter school operations as well as in

making recommendations to the State Board of Education regarding charter applications and decisions related to existing charters.

The Council's first meeting was held in October, 2011. Since then, it has set its bylaws, elected officers, and established committees. The Council also received training on topics critical for carrying out its responsibilities, including law, finance, ethics/conflicts of interest, exceptional children requirements, accountability, renewals, and monitoring. In carrying out the charge of the State Board of Education, it has established and implemented its processes for reviewing charter school applications. The Council has met on October 19, 2011, November 9, 2011, December 13 and 14, 2011, January 10 and 11, 2012, February 27, 2012, and April 24 and 25, 2012.

II. Charter School Application Process

"Fast Track" Charter Application Process

Because of the cap, the State Board of Education has not been able to authorize more than 100 charters until now. With the legislated flexibility to open additional quality charter schools and in immediate response to legislated intent, the State Board of Education implemented a one-time "fast-track" charter school application process for school year 2012-13. For this one-time process, the State Board of Education temporarily suspended Policy TCS-U-013 which requires a mandatory planning year for any new charter schools. This mandatory planning year has improved the quality of new charter schools by providing the required time for thorough planning and training in successful school critical areas. Because the planning period is important to the success of a charter school, the fast-track process was intended only for applicants that could demonstrate readiness to open by August 2012.

The fast-track application process had the following steps.

- The State Board of Education adopted a fast-track application process.
- Applications were due November 10, 2011 at 12 noon. A total of twenty-seven (27) applications were submitted by the deadline. Two applicants were incomplete and were notified in writing. Late applications were not accepted.
- The twenty-five (25) complete applications were initially reviewed by the Public Charter School Advisory Council that convened in three subcommittees. These subcommittees reviewed each complete application and offered a recommendation to the full Council regarding applicants to interview.
- The Council deliberated upon the subcommittees' work and voted to bring eleven (11) of the twenty-five (25) applicants back for an interview. Prior to the interview stage, one applicant withdrew from consideration. Each applicant, whether recommended for an interview or not, received a copy of the subcommittee rubric for its particular charter application.
- The full Council then interviewed the remaining ten (10) applicants and recommended nine (9) to the State Board of Education for approval.

- In February 2012, the State Board of Education received the Council's recommendation from the Chair of the Public Charter School Advisory Council and the Office of Charter Schools.
- In March 2012, the State Board of Education voted to approve the Council's recommendations. In doing so, the State Board of Education was clear that these applicants were fast track and voted to require that each applicant must be ready to open by August 15, 2012, or reapply in future application rounds in order to be considered for a charter.

The rubric used for the fast track is provided in Appendix 3.

As of May 29, 2012, the fast track applicants were at various stages of their development. These applications received approval in March and had less than 6 months to acquire space, implement renovations, purchase supplies, conduct enrollment proceedings, hire staff, provide professional development, and initiate the construction of school culture. These operational necessities, coupled with the new information they received during their four trainings from the Office of Charter Schools, has been overwhelming.

Based upon feedback from these applicants and discussion with them by the Office of Charter Schools, the mandatory planning year created by State Board policy TCS-U-013 is absolutely vital for the successful operation of high quality charter schools. A few facts from the fast track final reports applicants are listed below and demonstrate the need for a planning year to provide the applicants ample time to prepare:

- One applicant encountered difficulties acquiring the proper permits and zoning for a facility and withdrew as an approved fast track school. This applicant resubmitted in the regular round competition for an August 2013 opening date.
- On May 29, 2012, each fast track applicant supplied the Office of Charter Schools a final report that detailed their status with facility acquisition and enrollment. Highlights from those reports are listed below and further reveal the need for the mandatory planning year:
 - Enrollment
 - One school was at 50% enrollment and was experiencing slow progress in attracting students.
 - Two schools were at 73% enrollment and were making modest progress toward attaining the enrollment targets.
 - Facilities
 - One school had a facility with a certificate of occupancy for educational use meaning that they were ready to open as planned.
 - Two schools were either about to sign a lease or had already signed a lease for a site that would require minimal renovation. For one of those schools, the renovations would be covered by the owner of the facility.
 - The remaining 5 schools faced rather different situations. Some schools had executed a lease agreement but were either seeking renovation financing or had just initiated the permit approval process. The other schools did not have finalized plans, funding identified, or had not committed to a specific location.

Regular Application Process – schools opening in August 2013

While the “fast-track” applications were being processed, the Office of Charter Schools held an information meeting for groups interested in the regular round of applications. Charter schools approved during the regular round will open during the 2013-14 school year following a planning year. The demand for this January meeting was so large that the Office of Charter Schools had to schedule a second training to accommodate everyone interested.

As of the regular submission date of this report, the regular application process is currently processing as follows:

- Applications were due at noon on April 13, 2012. A total of sixty-three (63) applications were submitted before the deadline, one of the highest number of proposals at one time in state history. Late applications were not accepted. Appendix 7 provides a list of all timely applications.
- Among the sixty-three (63) applications, nine (9) were incomplete in a double screening process. Those applicants were rejected and notified of application deficiencies in writing.
- On April 24 and 25, 2012, the Council met in subcommittees to conduct the initial review of the fifty-four (54) applications. After spending two full days in deliberations, the subcommittees finished reviewing just over half of these applications. They reconvened during May and completed this initial review process. The full Council will assemble during June in order to hear reports from these subcommittees and to vote upon which applicants will advance to the next stage and receive an interview.

The initial review process begins the deliberations of the full Council to identify those applicants that will be interviewed in person. After interviews are completed, the Council will follow a process similar to that of the fast track round in making recommendations to the State Board of Education.

The rubric for the regular round process is provided in Appendix 4. The rubric for the regular round is slightly different than the fast-track process due to the State Board of Education receiving a comprehensive authorizer evaluation from the National Association of Charter School Authorizers. They suggested that the rubric and the application perfectly align, and the modifications to the rubric were made accordingly.

III. Profile of Applicants and Basis for Acceptance or Rejection

Appendix 5 provides a list of all fast-track applications received prior to the deadline and the status of their application.

Appendix 6 provides an explanation for all fast-track applications not approved and a list of those approved by the State Board of Education.

Appendix 7 provides a list of applications for the regular round and their application status.

IV. Cost of Operations

Senate Bill 8 required the State Board of Education to provide in its preliminary and final report an explanation of the resources required at the State level for implementation of the charter school laws. Currently, 45,000 students are served in charter schools. With the removal of the cap, there will be more charter schools and more charter school students; the costs for properly managing the application process and monitoring the operational charters will obviously rise. These reasonable and foreseeable cost factors are described below for the functions of staffing and administration (the Office of Charter Schools) and advisory (the newly formed Council).

Office of Charter Schools

The demands placed on the Office of Charter Schools have increased significantly since its inception in 1996 and, in particular, with the passage of Senate Bill 8: it has been integral to the process of establishing the Council, setting up the application process, providing training on the application process, reviewing applications and providing assistance to the Council in its work. Demands will increase further with the State Board of Education's approval of charter schools as the new schools will have extensive needs during the planning period and will become a part of the on-going monitoring and assistance. The Office of Charter Schools also reviews enrollment and grade expansion requests, conducts site visits, manages the process for renewal and five-year review protocols, provides training for new administrators, monitors for State and Federal legal compliance, responds to parent complaints, provides requested information to charter schools, and works with the Council on closing procedures for revoked or non-renewed charter schools.

Senate Bill 8 reflects the increased emphasis on ensuring educational standards are met by charter schools and that swift action occurs when standards are not met. The Office of Charter Schools has a key role in this process through its training, performance monitoring, and assisting the Council in recommending actions when education quality concerns are identified. When charter schools are in danger of being deemed academically inadequate, they are notified in writing of that status and additional site visits occur to monitor their progress. While charter schools have autonomy over their daily operations, the Office provides a data overview of their current standing.

As recently as January 2012, the Office of Charter Schools consisted of one consultant, the director, and an administrative assistant. This small staff reflected budget cuts and vacancies. The 2011 budget of the General Assembly did not provide for any additional staff. The State Board of Education and State Superintendent recognized the importance of attaining a more realistic staffing situation and acted to fill several vacancies. The Office of Charter Schools now has a director, an administrative assistant, and four (4) consultant positions. This level is still not the staffing level of several years ago.

Current staffing also lags behind national averages. The National Association of Charter School Authorizers (NACSA) publishes annually a report entitled *The State of Charter School Authorizing*. The 2010 report said the following: "Some large authorizers have very little or no staff, which brings into question their ability to perform many of the

practices NACSA recommends.”¹ Further, the 2009 version of this report tabulated averages for full-time equivalent (FTE) staff working only in charter authorization. The national average is 1 FTE for every 5.4 schools but the average for State Education Agency authorizers, like North Carolina, is 1 FTE for every 9.1 schools.² Clearly, as the number of charter schools continue to grow, additional staff will be needed for ongoing monitoring and oversight to ensure that public charter schools are high quality organizations matching the vision proposed in their approved applications.

In addition to a need for additional staff, the budget to cover administrative expenses also must increase in order to provide the kind of training and monitoring essential for charter school success. Without increased funds, it will be difficult, for example, for the staff of the Office of Charter Schools to make site visits to new schools and to maintain a schedule of regular monitoring of existing schools. To help address those funding needs, the State Board of Education included in its Supplemental Budget Request in February 2012 the amount of \$200,000 to cover the need for additional staff and administrative funds related to lifting the cap. This request is shared below.

Requested Amount	Rationale
\$200,000	<i>“Charter Schools - Senate Bill 8 short titled ‘No Cap on Number of Charter Schools’ provides an opportunity for an indefinite number of additional charter schools to be established in an academic year. To ensure that the Department of Public Instruction can continue to effectively provide guidance and technical assistance to the existing Charter Schools as well as newly established charter schools (G.S. 115C-238.29J), two additional staff positions will be needed. Additional staff needs are based upon the anticipated number of schools established each year. Nine (9) new schools have been approved with a possible 30 to be reviewed and evaluated.”</i>

Public Charter School Advisory Council

The 2011 budget of the General Assembly did not provide any funds for the operation of a Council. In prior years, the General Assembly appropriated approximately \$50,000 annually for the operation of the Charter School Advisory Committee.

While the Council has made use of technology to conduct some of its business, it is essential that the Council meet in person to perform much of its responsibilities. This is especially true in the review of charter school applicants and to decide upon charter renewal recommendations. Both the applicant review and renewal recommendations incorporate face-to-face interviews which are crucial. For charter applicants, the

¹ National Association of Charter School Authorizers. 2010: *The State of Charter School Authorizing*. Chicago, January 2011. Page 50. This full report can be accessed online at the following link: http://www.qualitycharters.org/images/stories/publications/2010_facts_report.pdf

² National Association of Charter School Authorizers. 2009: *The State of Charter School Authorizing*. Chicago, May 2010. Pages 29-30. This full report can be accessed online at the following link: http://www.qualitycharters.org/images/stories/2009_Facts_Report.pdf

Council's interviews can help determine whether proposed boards understand and demonstrate the ability to operate successful charter schools consistent with the law. For renewals discussions, the Council's interviews provide vital qualitative data to help discern whether the charter school is making progress as defined in statute, policy, or their approved charter application.

With minimal meetings to reduce travel and cost, this fifteen-member Council has over-expended the \$20,000 budget provided from the State Board of Education. The funds have been used to pay travel, lodging, meals, and duplicating costs that are necessary for the Council's operation. More meetings need to be held this year in order to complete the application review and other responsibilities of the Council.

In order for the Council to serve effectively, the State Board of Education recommends that the General Assembly restore appropriated funding for the Council.

